

BIODIVERSITY STRATEGY

Bending the Curve on Biodiversity Loss



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FOREWORD

“How we solve the ongoing environmental crisis is likely the biggest challenge facing our generation. Given the scale of biodiversity loss sweeping the planet, we must take bold action. As businesses, we need to safeguard nature within our own supply chains, as well as champion transformative actions far beyond them to ensure that humanity operates within planetary boundaries.

At Kering, our Houses’ products begin their lives in farms, fields, forests and other ecosystems around the world. The careful stewardship of these landscapes is fundamental to our continued success, and also linked to our responsibility on a broader global scale.

With Kering’s biodiversity strategy, we are proud to put forth concrete targets to play our part in bending the curve on biodiversity loss, and helping to chart a course for our industry.”

François-Henri Pinault

Chief Executive Officer, Kering

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OUR PLANET IN PERIL

Humanity has achieved remarkable feats in the past 50 years. We have lifted 1 billion people out of poverty, increased life expectancy by over a decade, and probed distant parts of our solar system. With the creation of the internet, we have connected billions of people across the planet, and we are currently launching a network of stratospheric balloons to beam the internet into some of Earth's most remote, rural communities.

Yet the environmental costs of our success are catastrophic. Three quarters of terrestrial ecosystems are now “severely altered” as a result of human actions. We have lost 80% of the world's wetlands.¹ At least 200 vertebrate species have gone extinct in the past 100 years.² During the short span between 1980 and 2000, humanity cut down 100 million hectares of tropical forest for agriculture, mainly to build cattle ranches in Latin America and palm oil plantations in South East Asia to meet surging global demand.³

Looking to the future, the projections are bleak. In 2019, the landmark IPBES Global Assessment report – which is the most exhaustive scientific analysis ever conducted on the status of life on earth – warned us that as many as one million plant and animal species are at risk of extinction, many within decades.⁴ These expected declines are exacerbated by climate change, which is not only already accelerating the loss – particularly within the tropics – but also threatening the fundamental life-support systems of the planet.

It is no longer just environmentalists raising the alarm. This crumbling of Earth's natural foundations present enormous risks, both to economies and societies. As concluded in the World Economic Forum (WEF) Global Risks Report in 2020, the top five largest threats to our global economy are all environmental, including biodiversity loss.⁵

Biodiversity⁶ is a term used to capture the immense variety of life on our planet. It covers all plants, animals, bacteria, fungi and more, and includes not just microscopic organisms but indeed ecosystems that span continents.⁷ A staggering 86% of species have yet to be discovered, and in many senses, the ‘age of discovery’ should be ahead of us.⁸ The last time the international community came together specifically to set biodiversity targets was in 2010 in Japan.⁹ Known as the ‘Aichi Biodiversity Targets’, they were to be implemented between 2011 and 2020. Countries also united around the creation of the Sustainable Development Goals (SDGs), which similarly set targets to create a world in which societies function in harmony with nature. Yet almost a decade later, we have failed to meet virtually all Aichi targets.¹⁰

Today, we are at a critical juncture. The risks to biodiversity are compounded by climate change, and the rate of biodiversity loss is expected to accelerate if we pass critical climate thresholds. As such, we must view climate and biodiversity together, and invest in nature-based solutions that simultaneously protect and restore habitat – for the sake of species, carbon sequestration, and overall ecosystem functioning. For both moral and economic reasons, we must rise to the challenge to solve the ongoing environmental crisis.

“The health of ecosystems on which we and all other species depend is deteriorating more rapidly than ever. We are eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide.”

Sir Robert Watson

Chair, Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)

¹ IPBES (2020). *Global Assessment Report*.

² Ceballos, G., P. Ehrlich and R. Dirzo (2017). Biological annihilation via the ongoing sixth mass extinction signaled by vertebrate population losses and declines.

³ IPBES (2020). *Global Assessment Report*.

⁴ IPBES (2020). *Global Assessment Report*.

⁵ World Economic Forum (2020). *Global Risks Report 2020*.

⁶ For the official CBD definition, visit: www.cbd.int/convention/articles/?a=cbd-02

⁷ Biodiversify & CISEL (2020). Developing a Corporate Biodiversity Strategy: A Primer for the Fashion Sector.

⁸ National Geographic (2011).

⁹ During this momentous event, 190+ countries came together and are now parties to the Convention on Biological Diversity.

¹⁰ Nature editorial (2020).

OUR COMMITMENT

“Biodiversity is intrinsically linked to our business, and the need for holistic integration with nature through a strategically-driven approach is critical for our entire industry, and beyond.”

Marie-Claire Daveu
Chief Sustainability Officer, Kering

Inspired by the Convention on Biological Diversity (CBD), and specifically the ‘post-2020 Global Biodiversity Framework’¹¹, **Kering commits to have a net positive impact on biodiversity by 2025, by regenerating and protecting an area about six times our total land footprint.** Thanks to our innovative Environmental Profit & Loss Account, or “EP&L” for short (see page 9), we know that Kering’s footprint is about 350,000 hectares. This includes not only our offices, shops and warehouses, but stretches the entire value chain to also include the farms that produce all of our raw materials (including those that grow animal feed). **In order to have a net positive impact on biodiversity, Kering will:**

- **By 2025, Kering will regenerate one million hectares of farms and rangelands** in our supply chain landscapes. We will accomplish this through the recently-launched Kering for Nature Fund: One Million Hectares for the Planet (more detail below), with a focus on the materials with the highest environmental impacts according to our EP&L: leather, cotton, cashmere and wool. This represents about 3 times Kering’s total land footprint.

- **By 2025, Kering will protect one million hectares of critical, ‘irreplaceable’ habitat outside of our supply chain**, through UN REDD+ and other programs that offer co-benefits of biodiversity protection, carbon sequestration and livelihood improvements. This represents an additional 3 times Kering’s total land footprint approximately.

This strategy outlines our path to attain these (and more) targets. We draw upon the framework offered up by the Science-Based Targets (SBT) Network¹², against which we can benchmark progress. Given the inextricable linkages between biodiversity and climate change, this strategy includes both Kering’s new commitments on biodiversity, as well as our existing science-based target (SBT) for greenhouse gas emissions.

¹¹ Zero draft of the post-2020 Global Biodiversity Framework (2020)

¹² The Science-Based Targets Network is made up of some of the world’s top conservation organizations, who are jointly asking: “What is the 1.5 degree equivalent goal for nature?”. The network is particularly focused on developing methodologies that enable companies (and cities) to adopt science-based targets to address their impacts on oceans, land, climate, biodiversity and freshwater systems.

A PARADIGM SHIFT

Like other fashion and apparel companies, Kering's core business is inextricably linked to well-functioning, healthy ecosystems. Indeed, according to the WEF Nature Risk Rising report, \$44 trillion, or half of global GDP, is moderately or highly dependent on nature.¹³ Though many of our Houses' final products are 'Made in Italy', the Kering supply chains span the planet, and our Houses' products typically begin their lives on farms, forests, fields, and other natural ecosystems. For instance, our Houses use wool produced in New Zealand's highlands, cashmere from Mongolia's South Gobi, organic cotton from India, and viscose from sustainably-managed Swedish forests, to name a few. As such, any degradation to these ecosystems has a direct impact on our ability to continue producing products.

Before these materials reach our creative designers and craftspeople, they pass through the hands many skilled intermediaries, who provide value-addition such as spinning, dying, tanning and weaving. Yet, we know from our pioneering environmental accounting tool – the EP&L – that Kering's impacts on the natural world are highest at the stage of raw material production. While we must continue mitigation efforts along the full supply chain, this means that it is essential to become laser-focused on action at the level of raw material production.

To support this strategy, we will work hand-in-hand with farmers, herders and other raw material producers to stem the biodiversity loss occurring 'on the ground'. To enable this change, we need to unite across the industry to build an entire movement behind these producers, as these raw material producers are often at the 'frontlines' of our collective interactions with biodiversity. This means collaborating with other fashion companies to support a transition to ecologically-sound production practices, particularly given projections that the industry will produce 63% more clothing by 2030 than we do today.¹⁴ It will also mean forging deeper collaborations with suppliers, industry alliances and certification bodies to bring the full support of the supply chain behind raw material producers. Finally, to ensure the industry's efforts are grounded in scientifically-sound best practices, we must work closely with agricultural scientists, conservation biologists and others at the forefront of sustainability science.

Yet, we must do even more. Across the industry, we need to examine the fundamentals of fashion business models that reward ever-increasing production, and a pace that is increasingly untenable. We also need to support innovations in new material development, as well as recycling processes – both of which can reduce the industry's reliance on virgin raw material sourcing, where most of our impacts lie. Finally, we must look outside our direct supply chains and support bold action that can transform our industry.

¹³ World Economic Forum (2020). Nature Risk Rising Report.

¹⁴ Global Fashion Agenda & The Boston Consulting Group (2017).

TAKING STOCK OF PROGRESS AT KERING

For over a decade, Kering and its Houses have worked on diverse sustainability initiatives in order to take better account of our externalities. We have focused on avoiding and reducing negative impacts on nature and finding ways to have positive impacts on people. We have supported diverse conservation efforts, developed rigorous standards for sustainable raw material sourcing, strengthened gender equality policies in both our direct operations and manufacturing hubs, and created a comprehensive, open-sourced measurement tool with our EP&L to quantify environmental impacts across our value chain.

More recently, at the G7 Summit in 2019, the Fashion Pact was shared by Kering's CEO François-Henri Pinault. This CEO-led partnership brings together the world's largest fashion and textile companies (who together account for

more than 35% of industry volume) to ensure the fashion industry plays its part in 'bending the curve on biodiversity loss'.^{15, 16} The Fashion Pact is specifically focused on three topics: climate, biodiversity and oceans. Member companies have committed to support the development of SBTs on biodiversity and develop biodiversity strategies to measure impacts on key species and ecosystems, as well as delineate concrete actions to prevent future loss. Recognizing that this is an extraordinarily complicated challenge, and to help support this transformation, Kering partnered with the Cambridge Institute for Sustainability Leadership (CISL) and Biodiversify to develop a biodiversity 'primer' for the fashion sector. This 'primer' is already playing a pivotal role, and by design, is suited to meet the needs of fashion companies at various stages in the biodiversity journey.

¹⁵ Mace *et al.* (2018). Aiming higher to bend the curve of biodiversity loss.

¹⁶ Fashion Pact (2019).

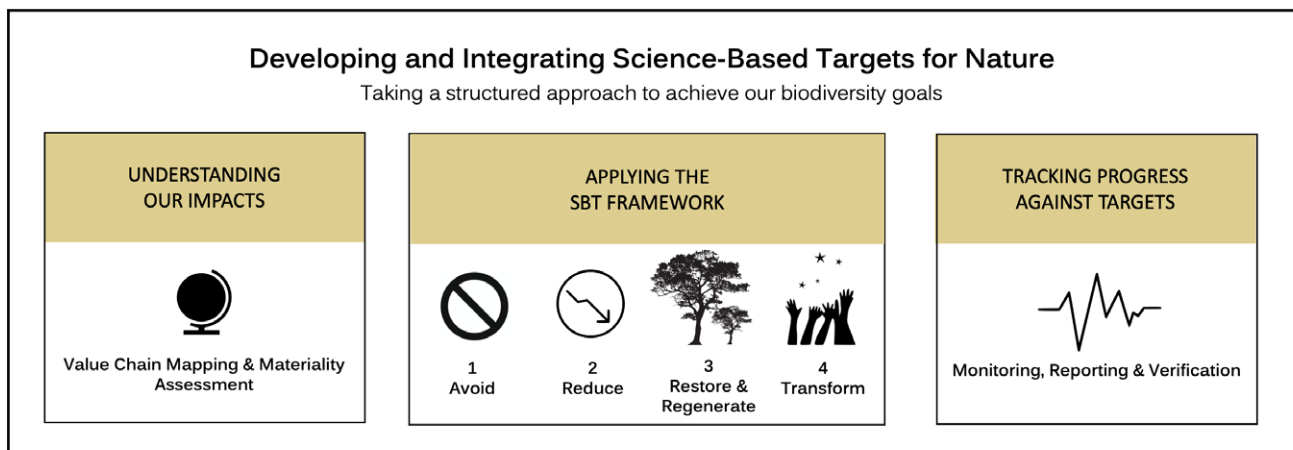
TAKING ACTION: ALIGNING TO THE SCIENCE BASED TARGETS NETWORK

In order to translate our goal of having a net positive impact on biodiversity by 2025, we align with an approach spearheaded by the SBT Network¹⁷. Their recent SBT Framework builds upon the mitigation¹⁸ and conservation hierarchies¹⁹, which enjoy wide usage in the construction and extractive industries. Yet the SBT Framework raises the ambition by encouraging companies to go far beyond their supply chains to inspire system-level change through transformational ideas.

As diagrammed, the first step in this process is to look under the hood of our raw materials supply chain to understand our impacts and dependencies on nature.²⁰ We already have a significant visibility thanks to our EP&L, and are currently integrating a new tool developed by the

Cambridge Institute for Sustainability Leadership (CISL) called the Biodiversity Impact Measurement (BIM) Tool (details below).

Next, in order to create SMART²¹ company targets for nature, we align both ongoing and future biodiversity activities with the 4-stage SBT Framework. The first three steps in the Framework are hierarchical: we prioritize actions that prevent impacts (“avoid”), minimize impacts that are unavoidable (“reduce”), and push for corrective, nature-positive action when possible (“restore & regenerate”). We then look outside of our immediate supply chain (“transform”) to concretely take game-changing actions that proactively contribute to a world in which people and nature can thrive.



¹⁷ The Science-Based Targets Network is made up of some of the world’s top conservation organizations, who are jointly asking: “What is the 1.5 degree equivalent goal for nature?”. The network is particularly focused on developing methodologies that enable companies (and cities) to adopt science-based targets to address their impacts on oceans, land, climate, biodiversity and freshwater systems.

¹⁸ Arlidge et al (2018).

¹⁹ <https://conservationhierarchy.org/>

²⁰ As defined in the 2019 IPBES Global Assessment Report, “nature” can be defined as “...all non-human living entities and their interaction with other living or non-living physical entities and processes”. We use this term to encompass biodiversity (species, ecosystems, genes), as well as nature’s contributions to people.

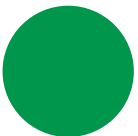
²¹ Specific, Measurable, Attainable, Relevant, and Time-Bound.

VALUE CHAIN MAPPING & MATERIALITY ASSESSMENTS

Before reaching our clients, our Houses' products begin their journey as raw materials in farms, forests, mines and other landscapes. While we sometimes rely on certifications as a marker of sustainability, there are cases where we can pinpoint the exact sourcing location. This is true in the case of cashmere, for instance, where we have direct relationships with nomadic herding cooperatives in Mongolia's South Gobi. This supply chain visibility enables us to better assess our impacts on nature, as well as understand dependencies and potential risks. We can then use this information to make key programmatic and conservation decisions.

As reported in our 2020 Sustainability Progress Report, we can currently trace 88% of our materials to at least the country-level, with a goal to attain 100% traceability by 2025. In the case of leather (our highest impact material), we expect full traceability to the farm level by 2025. We are also piloting blockchain technologies, isotope-tracers, and other techniques to increase the number of 'identify-preserved' products in our supply chain.

Ultimately, this information enables us to assess the materiality of our impacts and take decisions accordingly.

	TIER 0: STORES, WAREHOUSES, OFFICES	TIER 1: ASSEMBLY	TIER 2: MANUFACTURING	TIER 3: RAW MATERIAL PROCESSING	TIER 4: RAW MATERIAL PRODUCTION	TOTAL IN MILLIONS:
AIR EMISSIONS 						7% €34.9
GHGs 						36% €186.0
LAND USE 						32% €169.8
WASTE 						6% €32.3
WATER CONSUMPTION 						6% €33.3
WATER POLLUTION 						13% €68.0
TOTAL IN MILLIONS:	8% €41.7	6% €33.3	10% €53.7	11% €55.8	65% €339.8	100% €524.3

EP&L Impacts Across The Supply Chain (2019)

As illustrated, our largest environmental impacts occur in Tier 4, which is the raw material production phase. Specifically, impacts are greatest in the "Land Use" category, which contains several biodiversity proxies. This level of visibility into our supply chain allows us to act, as well as measure yearly progress.

ENVIRONMENTAL PROFIT & LOSS (EP&L) ACCOUNTING

In 2012, Kering launched its pioneering EP&L, which is the ‘work horse’ behind virtually all sustainability activities at Kering. It paints a comprehensive, detailed picture of our environmental impacts across the full supply chain, looking at six key parameters: air pollution, water pollution, greenhouse gases, water consumption, waste production and land use (which contains a number of proxies for biodiversity²²). **Critically, it also allows us to quantify our total land footprint, which is around 350,000 hectares across the full supply chain (of which 94%, or 330,000, is farmland, rangeland, mining sites, and other areas that produce raw materials).**

The EP&L’s underlying methodology includes life cycle assessments for specific materials. Taking a natural capital approach by looking at the cost of impacts to societies, the EP&L allows us to compare ‘apples to apples’ by converting impacts into monetary terms. In short: the EP&L provides an excellent indication of the relative impact on the environment overall (and to society) of different commodities in different tiers of the value chain. This enables us to understand where to focus efforts to mitigate environmental impacts.²³ As diagrammed, the results are quite clear: our largest environmental impacts occur at the level of raw material production, and are specifically around land-use change, which is directly connected to biodiversity. Our second largest impact – also in Tier 4 – is greenhouse gas emissions. Taken together, the message is very clear: We need to focus action at this level of the supply chain, and prioritize nature-based solutions that offer dual benefits in biodiversity protection and carbon reductions. Every year, we refine the EP&L methodology, thereby improving the precision of our measurements and allowing us to monitor progress towards our sustainability goals. We publicly share our EP&L results annually, and open-source our methodology to support other companies on their journeys towards greater supply chain understanding and transparency.

THE BIODIVERSITY IMPACT METRIC

In order to fine-tune our understanding of how our supply chains impact biodiversity, we recently supported the Cambridge Institute for Sustainability Leadership (CISL) to develop a Biodiversity Impact Metric (BIM) tool.²⁴ The development process involved extensive consultative processes with some of the world’s top ecologists, conservation biologists and social scientists, and produced a number of groundbreaking interim studies.²⁵ The BIM tool functions adeptly in both data-rich and data-poor scenarios, and provides an initial risk screening of potential biodiversity impacts from agricultural production. This, in turn, can drive smarter sourcing decisions. For instance, using data from our raw materials supply chain, we can weigh the relative biodiversity impacts of purchasing conventional cotton from one country, as opposed to organic cotton from another. Behind the scenes, the BIM enables us to examine several parameters for a given commodity, including farming intensity, sourcing country (or ideally, specific region), and the range/rarity of local species within that geography. Looking ahead, in addition to improving our EP&L, the BIM can also help pinpoint regions to invest in place-based biodiversity programs for critical supply chains.

²² For instance, this includes changes in above-ground plant biomass as well as expected plant species’ richness, using multipliers based off the work of Kier et al (2005) and Tracy & Sanderson (2000).

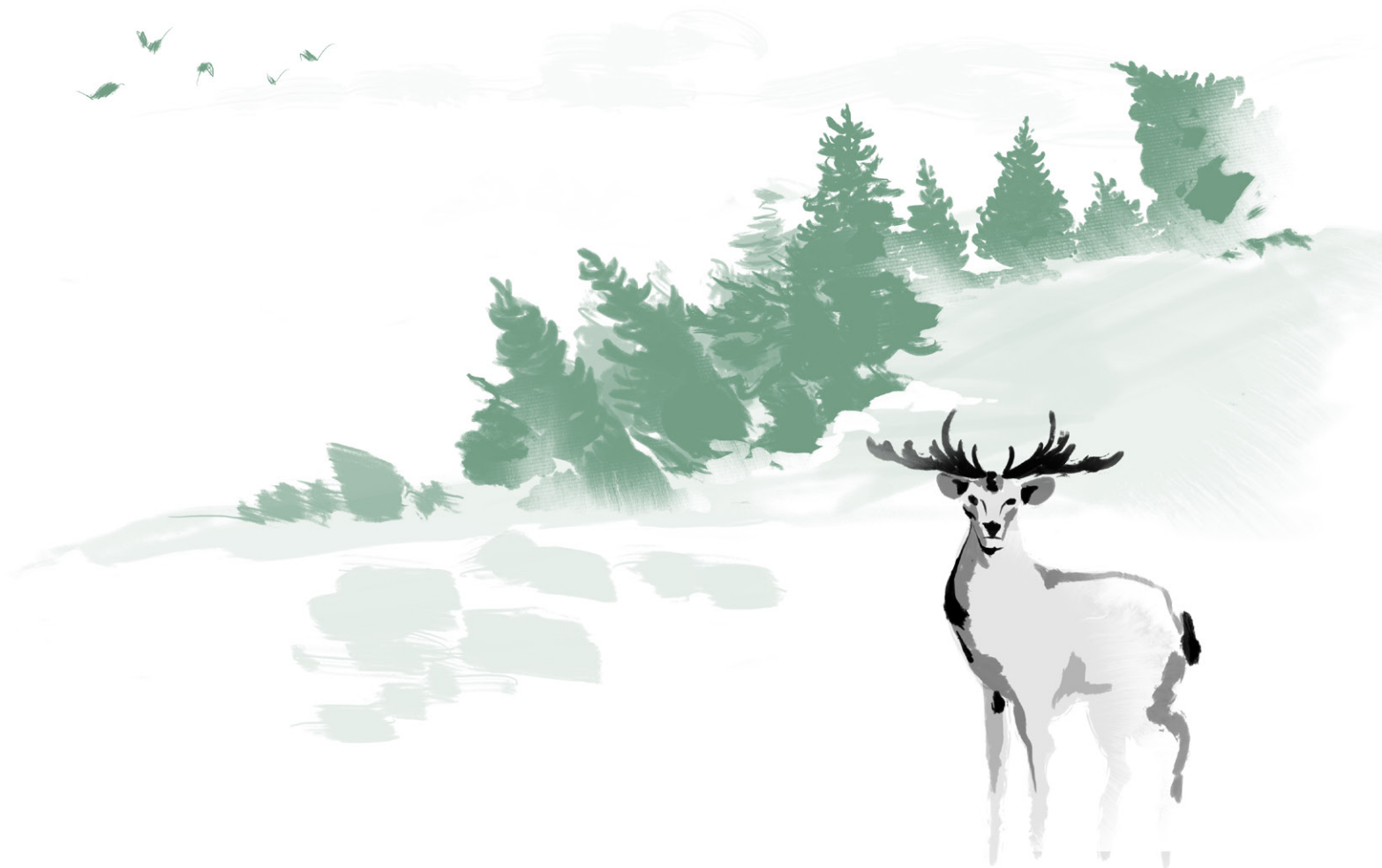
²³ Bull, J. P. Addison, M. Burgass & S. Sinclair. “Biodiversity, and a Conservation Hierarchy for Kering S.A.” (2019).

²⁴ CISL & NCIG (2020). Measuring business impacts on nature (2020)

²⁵ CISL (2016). *Biodiversity and ecosystem services in corporate natural capital accounting: Synthesis report*. Di Fonzo & Hime (2017). *Biodiversity and ecosystem services in corporate natural capital accounting: Synthesis report*.

THE GUIDING FRAMEWORK

Stage 1: Avoid



STAGE 1: AVOID

In order to attain our biodiversity goals, we prioritize avoiding negative impacts whenever possible, especially in areas of critical ecological importance. “Avoiding” is a top priority, as it ensures ‘no-take’ from areas with the highest value to conservation.

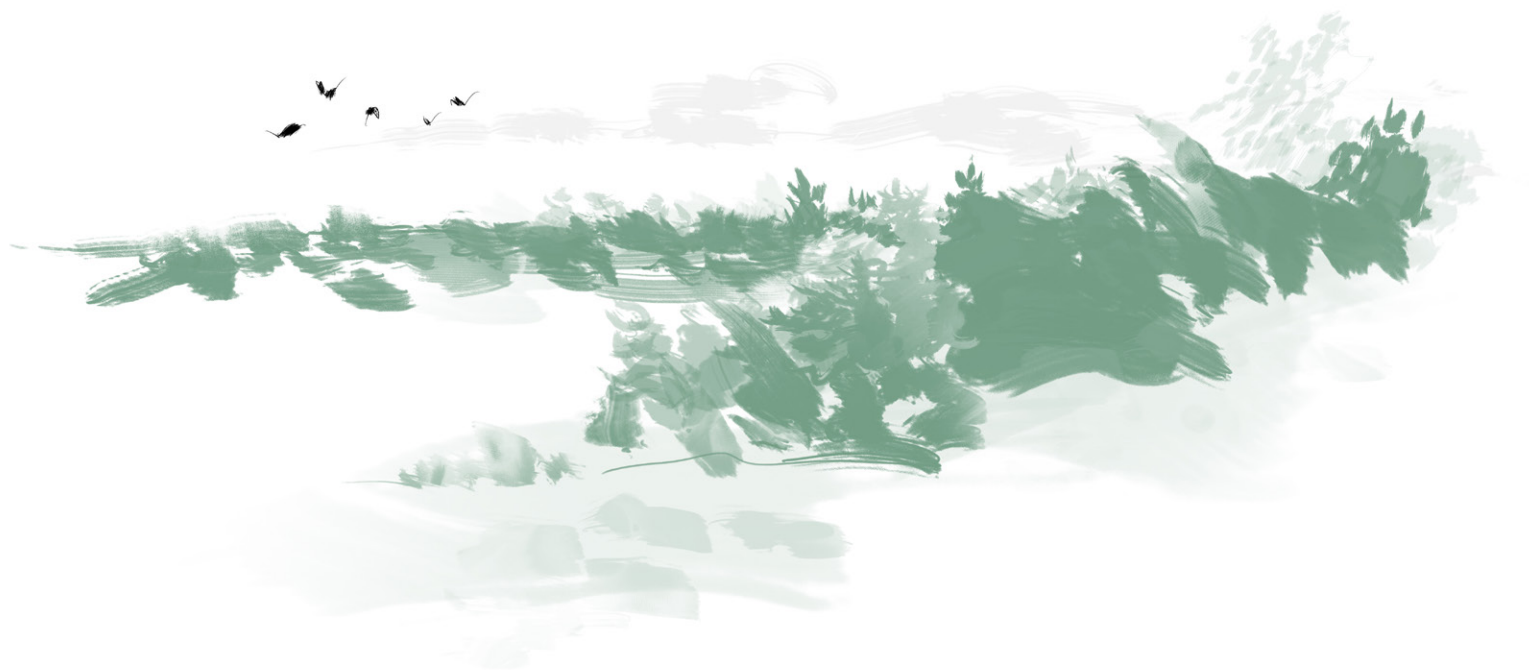
Kering’s commitments:

Continue to ensure that all plant and animal-based raw materials in our supply chain come from legal, verifiable sources at a minimum, closely adhering to guidance issued under CITES, the IUCN Red List, and other relevant national and international conventions.

Continue to ensure our viscose and other wood-pulp based materials come from supply chains that avoid sourcing from ancient and endangered forests, using the CanopyStyle methodology and/or FSC certification.

By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems. This is in direct support of the CBD goal of “no net loss of nature by 2030”.

By 2025, achieve 100% traceability of all materials to at least the country level, and to the farm level for key materials like leather.



Spotlight On Ongoing Work: Avoiding Ecosystems With High Conservation Value

As a Group, Kering protects critical habitats and ecosystems through strict sourcing policies. For instance, our brands do not work with suppliers that source leather from farms involved in any form of deforestation, such as in the Amazon Biome (where forest is still cut to make way for cattle farms). Our brands enforce this principle through contractual clauses which include traceability measures.

We also work with the NGO Canopy to ensure our supply chain is free of products sourced from ancient and endangered forests as part of the CanopyStyle Initiative, particularly when it comes to viscose and other cellulose.

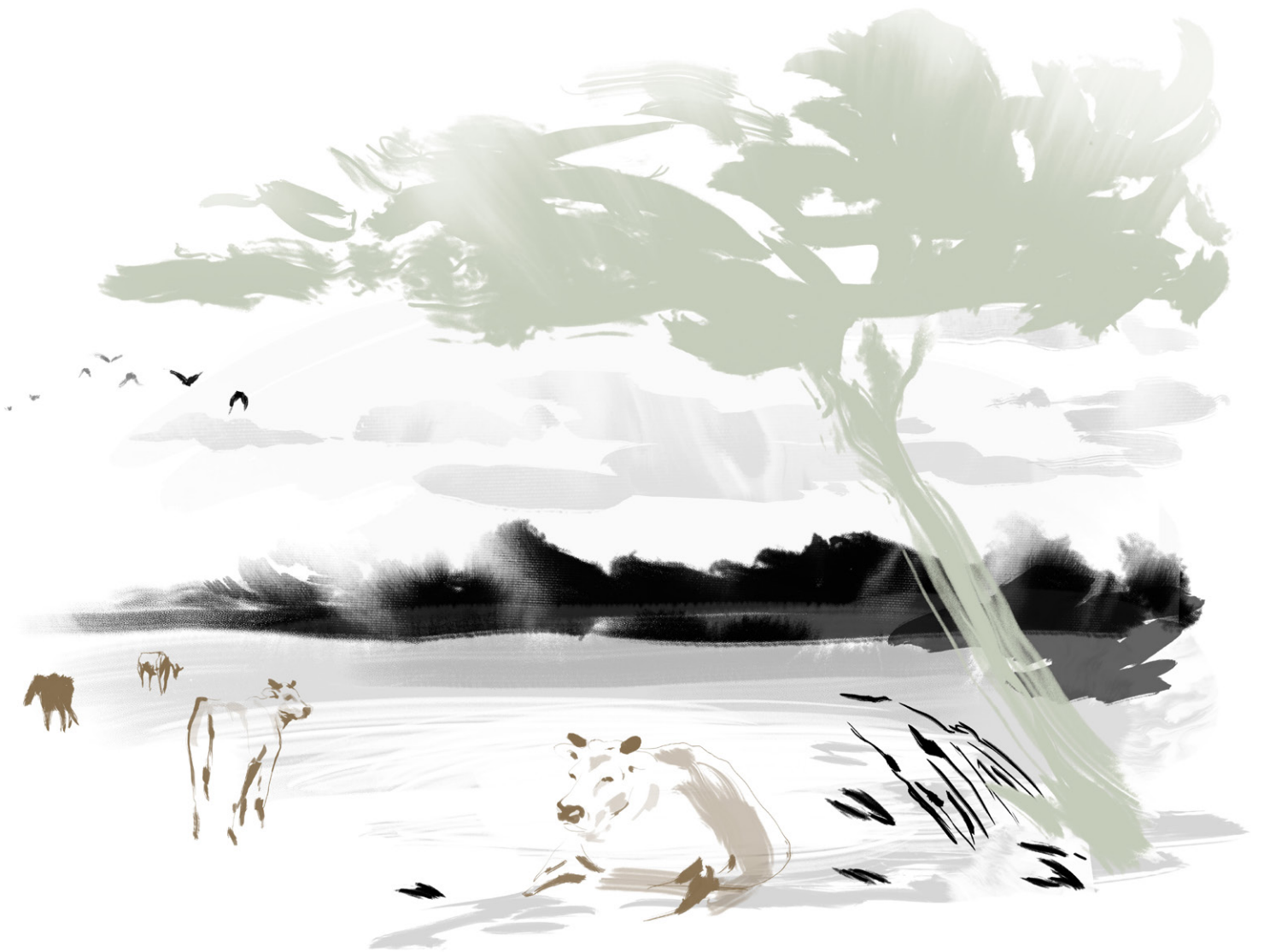
Together, these sourcing practices protect biologically-rich ecosystems, and allow

wild plant and animal species to thrive in large, undisturbed contiguous areas. These actions also ensure the continued protection of forests, which are critical carbon sinks.

Finally, our sourcing policies ensure that all plant and animal-based products in our supply chain come from legal and verifiable sources, with strict adherence to international and national treaties and conventions. In the case of reptilians, for instance, we work closely with the International Union for Conservation of Nature (IUCN) and Southeast Asian Reptile Conservation Alliance (SARCA) networks to prioritize both traceability as well as conservation programs. These actions ensure that markets remain transparent, regulated and subject to external scrutiny.

THE GUIDING FRAMEWORK

Stage 2: Reduce



STAGE 2: REDUCE

When impacts cannot be avoided, Kering and its Houses actively work to reduce negative impacts. We take a full 360-degree approach, and apply this concept both to operational day-to-day decisions, as well as through our sourcing practice that reduce the duration, intensity and/or extent of impacts.

Kering commitments:

Reduce biodiversity impacts associated with sourcing decisions, by ensuring 100% alignment with the [Kering Standards for Raw Materials and Manufacturing Processes](#) by 2025. For instance, this includes prioritizing sourcing organic cotton, which has 80% less environmental impact compared to conventional cotton (see the Kering EP&L appendix).

Reduce our reliance on virgin materials sourcing by scaling up circular materials in the collections (for example, recycled materials).

Reduce our reliance on virgin raw materials by supporting material and process innovations and also by investing in start-up companies creating alternative materials.

Achieve a target of 100% metal-free tanned leather in our Houses' collections by 2025.

Furthermore, as detailed in the Kering 2025 Sustainability Strategy, we will reduce our total Group environmental footprint by 40% by 2025 across our own operations and the entire supply chain, as measured by our EP&L. We will also reduce our controlled greenhouse gas emissions by 50% by 2025. Both are calculated vis a vis a 2015 baseline.



Spotlight On Ongoing Work: Reducing Impacts Through the Kering Standards

In order to reduce our impacts on nature, we developed the [Kering Standards for Raw Materials and Manufacturing Processes](#), which cover 16 categories of materials. These open-sourced Kering Standards are a cornerstone of core-business operations, and are used by our Houses and suppliers to ensure our sourcing is adhered to, and in line with best-available technologies, science and practices. For instance, in the case of wool, we support the Textile Exchange's Responsible Wool Standard, which requires sheep farms minimize biodiversity impacts by implementing biodiversity management plans (BMPs).

Across all raw materials, suppliers must meet "minimum" requirements immediately. For example, in the case of leather, this means only purchasing skins from suppliers who are willing to disclose the source. Suppliers must also meet "additional conditions" by 2025. For instance, in the case of leather, this will mean having full traceability up to the farm, with the implementation of best ecological and animal welfare standards. Our recent [Sustainability Progress Report](#) shared that we have thus far achieved 68% alignment with the Kering Standards, well on track to meet our goal of 100% by 2025.

THE GUIDING FRAMEWORK

Stage 3: Restore & Regenerate



STAGE 3: RESTORE & REGENERATE

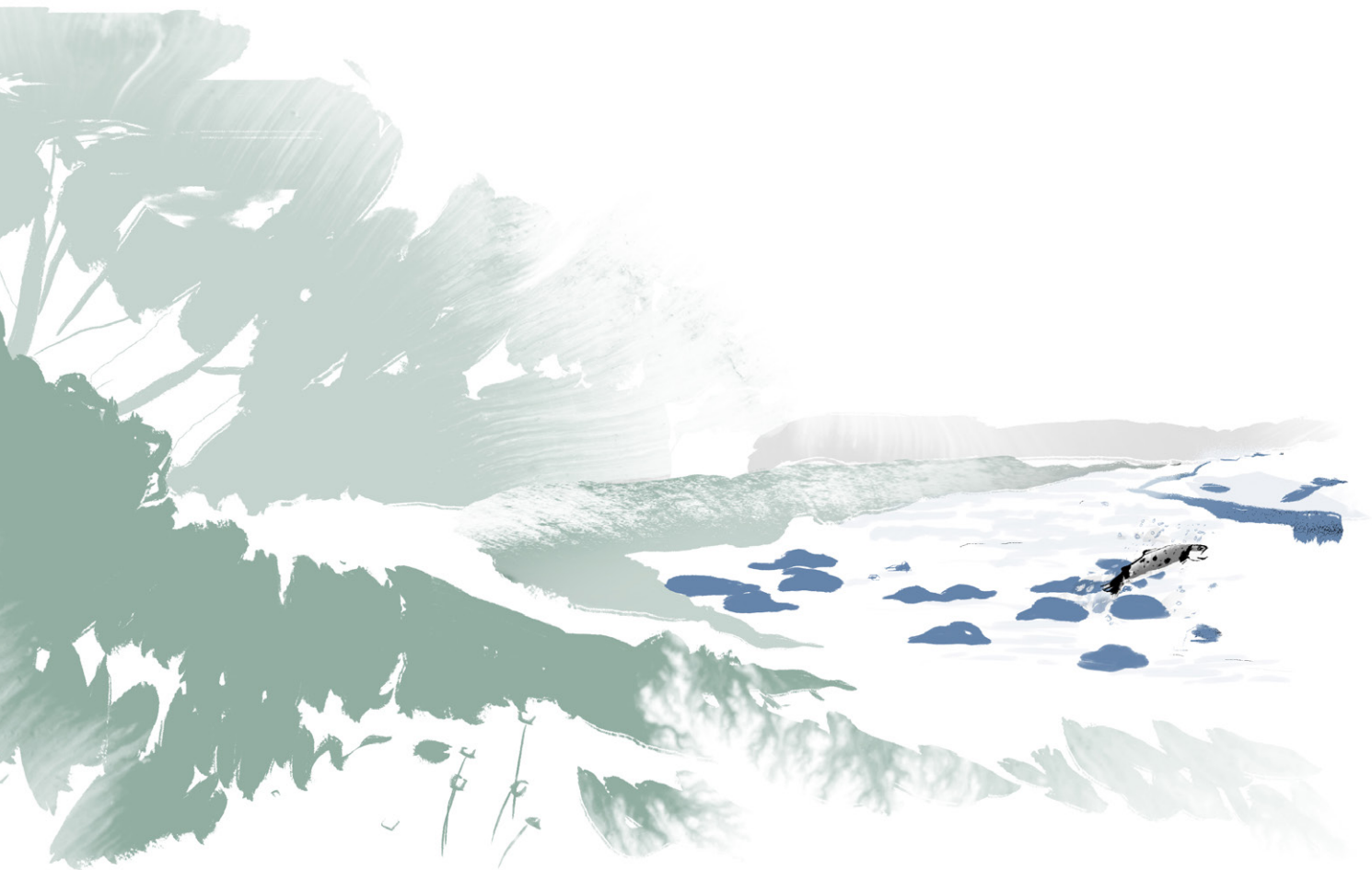
In order to help shift the industry paradigm that merely seeks to minimize negative impacts, we act to restore and regenerate ecosystems through nature-based solutions in our sourcing locations, which offer biodiversity and carbon benefits. This work is often done in partnership with agricultural scientists, botanists and foresters through carefully-planned interventions grounded in science.

Kering commitments:

As mentioned above, by 2025, regenerate one million hectares of farms and rangelands in our supply chain landscapes, prioritizing interventions that offer both biodiversity and carbon benefits. We will accomplish this through the recently-launched Kering for Nature Fund: One Million Hectares for the Planet (see explanatory box below), with a focus on the materials with the highest environmental impacts according to our EP&L: leather, cotton, cashmere and wool. This represents about 3 times Kering's total land footprint.

By 2025, restore habitats where mining and other extractive activities occurred, restoring an area three times larger than our total 'direct' footprint (which includes all stores, warehouses and offices).

Expand the 'basket of materials' used by our Houses, by identifying, sourcing and scaling forgotten plant varieties and livestock breeds in our supply chain, thereby improving agricultural resilience and moving away from an industry that is overly reliant on monocropping. **By 2025, increase the offerings of such materials at our Materials Innovation Lab.**



Spotlight On Ongoing Work: Restoring Former Gold Mining Sites

In French Guiana, we are working with conservation partners Solicaz and Forest Finance to reforest a former alluvial gold mining site. This project goes beyond regulatory requirements (which mandate that 30% of former mines must be restored), and instead focuses on 100% restoration, making it the first full reforestation program of a mining site in the Amazon. Beginning with detailed ecological assessments of local species, our partners began by creating in-situ plant nurseries, and preparing more than 90,000 seedlings to plant over 116 hectares. Solicaz reforestation

experts first focused on species with high nitrogen-fixation potential that could act as 'pioneer species'. Today, the systems are thriving, and our partners regularly monitor soil health, the quality of tree development, the appearance of spontaneous plant diversity and soil respiration. By focusing on full ecosystem restoration, this project not only restores habitat for local biodiversity, but also facilitates carbon sequestration. We are now inviting other brands to join forces to extend the work to other gold sites, as well as trying to launch similar initiatives in silver and platinum.



Spotlight On Ongoing Work: **Building Biodiversity Through Regenerative Agriculture**

With a new €5 Million Kering for Nature Fund: One Million Hectares for the Planet, we will support promising agriculture and rangeland projects throughout the world, with a focus on leather, cotton, wool and cashmere. Regenerative agriculture has the potential to completely transform the face of agriculture, and is grounded in the idea that we can replenish and strengthen ecosystems through improved farming and livestock rearing practices. Specifically, regenerative agriculture increases farm biodiversity, reduces agro-chemical inputs, improves soil water retention, enhances carbon sequestration and focuses on livelihood gains.

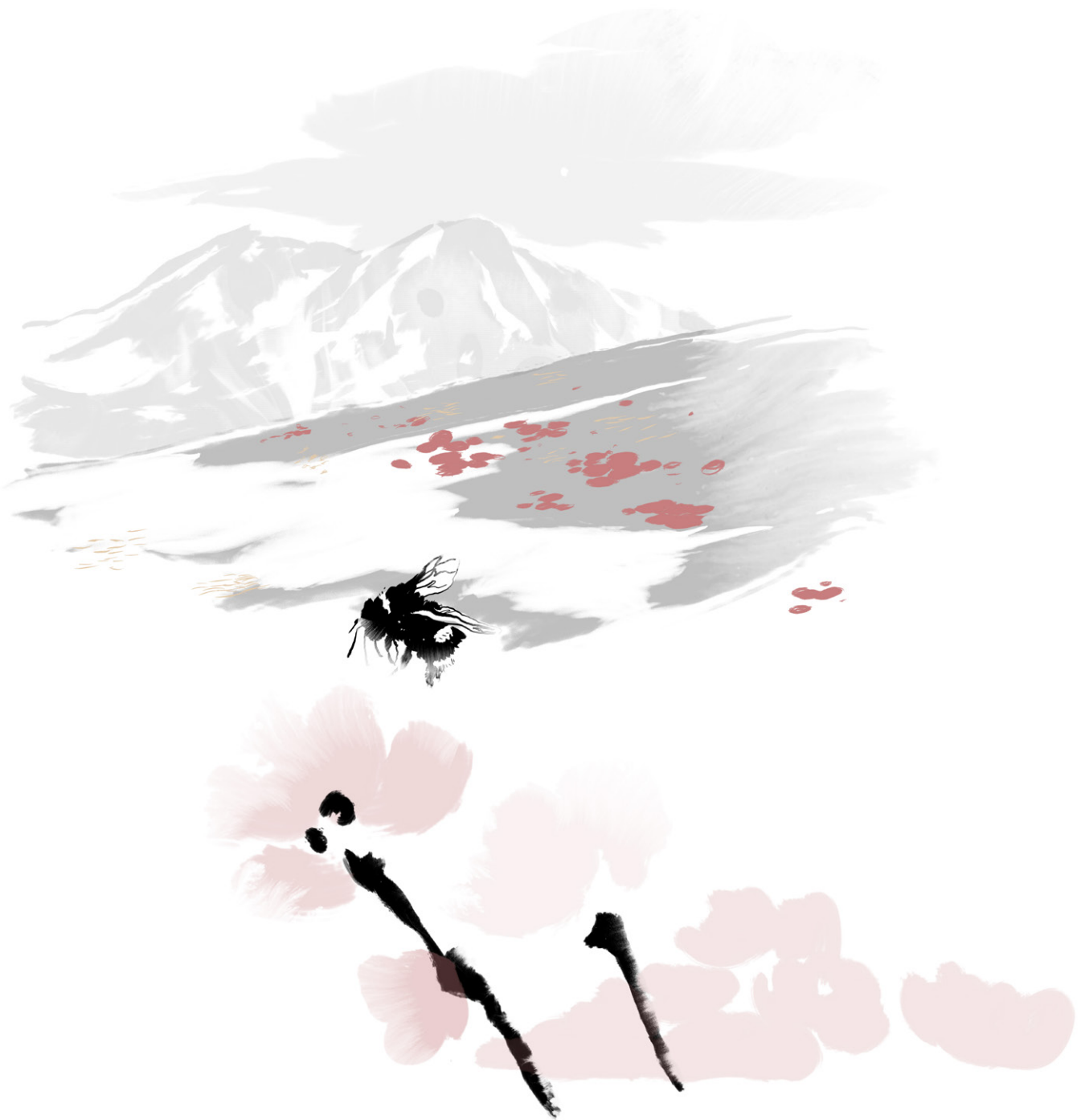
To date, Kering has supported a number of direct regenerative projects, including an innovative goat rangeland program in Mongolia connected to our cashmere supply chain, which is being implemented in partnership with the Wildlife Conservation Society. We are also partnering with the

Savory Institute to promote and support the regenerative production of raw materials and utilize Savory's pioneering methodology, Ecological Outcome Verification™ (EOV™) in our leather and fiber supply chains that come from grazing systems, such as wool and cashmere. More recently, we partnered with RARE and SouthPole on a cotton project in China to quantify carbon sequestration through improved practices. At an industry level, we work with our peers in food production via the [One Planet Business for Biodiversity](#) to identify potential cross-company projects in regenerative agriculture.

With the launch of the Kering for Nature Fund, we are excited to scale the success and lessons from these projects, which will not only meaningfully increase regenerative materials in our supply chain, but will also positively transform one million hectares of land by 2025 with the corresponding biodiversity and carbon benefits.

THE GUIDING FRAMEWORK

Stage 4: Transform



STAGE 4: TRANSFORM

In order to have a net positive impact on biodiversity by 2025, we need to go above and beyond. We must collectively revolutionize the fashion & apparel industry through actions outside of our direct supply chains. Kering is made up of teams of creative experts, and their vision and skills are the driving force behind the beautiful products which are our *raison d'être*. For this reason, the “transform” pillar is especially relevant, as it represents a way to channel our most innovative ideas into action.

Kering commitments:

As mentioned above, by 2025, Kering will protect one million hectares of critical, ‘irreplaceable’ habitat outside of our supply chain, through UN REDD+ and other programs that offer co-benefits of biodiversity protection, carbon sequestration and livelihood improvements. This represents an area three times Kering’s total land footprint.

Continue playing a pivotal role **spearheading the Fashion Pact**, which brings together more than 250 fashion brands and suppliers (who represent around 35% of the industry), to work together on the topics of climate, biodiversity and ocean health.

Continue providing **key support to groups at the forefront of biodiversity protection** (see box).

Lead the fashion industry in **reimagining fashion show calendars and requirements**, as they exert a high environmental toll.

Inspire our 38,000+ employees to incorporate biodiversity into their daily lives, through diverse activities at the House- and site-level, such as bee-keeping clubs and citizen science projects. In addition, we will continue to develop online biodiversity and sustainability trainings and games to engage our teams and help them translate biodiversity considerations into their daily lives.

Work to **strengthen the biodiversity element of existing certification schemes and standards**.

Continue **engaging scientific, academic and industry partners to produce publicly available tools, reports and insights** which can drive high-level change.

Continue to **promote natural capital accounting** by strengthening our internal measurement via our EP&L, as well as creating open-sourced, operationalized tools to support the industry.



Spotlight On Ongoing Work: Supporting Groups Working at the Forefront of Biodiversity Conservation

Over the years, Kering and its Houses have supported a diverse array of international organizations working at the forefront of biodiversity conservation and science. This includes our [partnership with IPBES](#), following the release of their pivotal report which called the world's attention to the scale of global biodiversity loss. We also provide support to the [Paris' Museum of Natural History](#), and as recently announced on World Environment Day, we are thrilled to support [The Explorers](#)

[Program](#), a global media platform building a rich catalog of Earth's natural assets. In 2020, Kering and its Houses responded to a number of crises, for instance providing key support to teams [battling bushfires in Australia](#). Finally, our Houses also support varied biodiversity programs directly, such as Gucci's partnership with the [Lion's Share Fund](#), which seeks to raise over 100 million USD every year over the next five years to protect endangered species and their natural habitats.

MONITORING, REPORTING & VERIFICATION

As a next step, Kering will develop an operational plan that stems from this strategy. The plan will facilitate on-going monitoring towards our commitments on an annual basis, enabling us to publicly report on key areas of progress. Given the depth and breadth of our biodiversity programming, we will draw upon a number of monitoring tools, including our EP&L, both at the level of Kering corporate and our Houses.

This strategy is designed to be a ‘living document’, which Kering will continue to update and modify to ensure it remains relevant and ambitious. This will mean building in new scientific findings that might affect particular actions and decisions. Looking ahead, we are especially excited to fine-tune our approach and create quantifiable targets in tandem with the SBT Network when it issues its formal guidance, as well as aligning to the CBD Post-2020 Framework once it is negotiated by the parties.



FINAL THOUGHTS

We depend on, and therefore must protect the natural environment. Biodiversity – and nature more generally – provides an infinite source of inspiration to our Houses’ creative design teams, who regularly celebrate nature in all of its forms. With this strategy, Kering aims to help stem biodiversity loss and restore ecosystems in its global supply chains, and finally, spark systemic change that goes above and beyond our own business activities.

Ultimately, our aim is to help shift the outdated business paradigm that has failed to account for its impacts on nature. Instead, we need to come together, as individual companies, as the fashion industry, and as the private sector more generally and work together with all relevant stakeholders to bend the curve on biodiversity loss. This is one of the greatest challenges of our generation. We have both an ethical and a business responsibility to respond. We hope the ambitions outlined hereabove will be a meaningful step on this journey.



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